

CANCELLATION OF INSURANCE CONTRACTS BY INSURANCE PREMIUM FINANCE COMPANIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-35-85 reads as rewritten:

"§ 58-35-85. *Procedure for cancellation of insurance contract upon default; return of unearned premiums; collection of cash surrender value.*

When an insurance premium finance agreement contains a power of attorney or other authority enabling the insurance premium finance company to cancel any insurance contract or contracts listed in the agreement, the insurance contract or contracts shall not be cancelled unless such the cancellation is effectuated in accordance with the following provisions:

- (1) Not less than 10 days' written notice be mailed to the last known address of the insured or insureds shown on the insurance premium finance agreement of the intent of the insurance premium finance company to cancel his or their insurance contract or contracts unless the defaulted installment payment is received. A notice thereof shall also be ~~mailed sent~~ to the insurance agent.
- (2) After expiration of such the period, the insurance premium finance company shall ~~mail send~~ the insurer a request for ~~cancellation, including a copy of the power of attorney,~~ cancellation and shall mail a copy of the request for cancellation to the insured at his last known address as shown on the insurance premium finance agreement. The premium finance company shall include a copy of the power of attorney with the request for cancellation if the insurer has not already received a copy of the power of attorney with the application.
- (3) Upon receipt of a copy of such the request for cancellation notice by the insurer, the insurance contract shall be cancelled with the same force and effect as if the aforesaid request for cancellation had been submitted by the insured himself, without requiring the return of the insurance contract or contracts.
- (4) All statutory, regulatory, and contractual restrictions providing that the insured may not cancel his insurance contract unless he first satisfies such the restrictions by giving a prescribed notice to a governmental agency, the insurance carrier, an individual, or a person designated to receive such the notice for said governmental agency, insurance carrier, or individual shall apply where cancellation is effected under the provisions of this section.
- (5) Whenever an insurance contract is cancelled in accordance with this section, the insurer shall promptly return whatever gross unearned premiums are due under the contract to the insurance premium finance company effecting the cancellation for the benefit of the insured or insureds. Whenever the return premium is in excess of the amount due the insurance premium finance company by the insured under the agreement, such the excess shall be remitted promptly to the order of the insured, subject to the minimum service charge provided for in this Article.